

**THE BERKSHIRE GAS COMPANY**  
**D.T.E. 04-1**

**Second Set of Information Requests of  
The Department of Telecommunications and Energy**

**Request**

**DTE 2-7:** If the Department were to decline to adopt the terms and conditions changes proposed by the marketers and adopted a path approach instead of a slice-of-system approach, please address the effect on system operations and competition.

**Response:** Please refer to responses to DTE 2-2 and DTE 2-3. The Company does not believe that such a change to a path approach would foster competition; in fact, this change may be detrimental. In all likelihood, those paths with less expensive or more flexible resources will be selected at the outset, leaving the less attractive capacity paths for remaining sales customers. In the end, these sales customers may be less likely to migrate and will likely bear the burden of paying for these remaining high-priced paths. In terms of the operational effects of adopting the path approach, the Company would expect mostly transitional, administrative difficulties.

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**Request**

**DTE 2-8:** If the Department were to adopt the terms and conditions changes proposed by the marketers and maintained the slice-of-system policy, please address the effect on system operations and competition.

**Response:** From the onset of customer choice, the Company has worked cooperatively with its marketers to address their various concerns. With regards to the proposed changes to the Terms and Conditions the Company offers the following comments:

*Monthly recalls and releases of capacity*

In accordance with the Terms and Conditions, and described in DTE 2-6, the Company releases capacity through the expiration date of each contract. Therefore, there would be no effect on system operations or competition as a result of switching from monthly to annual assignments.

*Imbalance penalties reductions*

An OFO is only issued when there is a critical threat to the operational integrity of the upstream pipelines. A substantial economic disincentive is a vital part of ensuring that marketers' deliveries do not cause the LDC to incur substantial penalties or jeopardize system reliability for all customers. Further, the Company does not believe that any reduction to the imbalance penalties would improve the competitive market.

*Synchronization of deadlines and procedures*

The Company is synchronized with industry standards therefore there would be no effect on system operations or competition.

*Algorithm information*

Upon request, the Company provides the algorithm information to its marketers (for their customers only) therefore there would be no effect on system operations or competition.